

**ARIZONA CORPORATION COMMISSION**  
**UTILITIES DIVISION**

ANNUAL REPORT MAILING LABEL – MAKE CHANGES AS NECESSARY

P

SW-03575A

Palo Verde Utilities Company

~~426 N. 44th Street, Ste. 200~~ 22601 N. 19th Ave

~~Phoenix AZ 85008~~

Ste 210

Phoenix, Az 85027

APR 15 2005

**ANNUAL REPORT**

**FOR YEAR ENDING**

12	31	2004
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FOR COMMISSION USE

ANN05	04
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## COMPANY INFORMATION

Company Name (Business Name) PALO VERDE UTILITIES COMPANY

Mailing Address 22601 N. 19th Ave Ste 210

(Street)

Phoenix

(City)

Az

(State)

85027

(Zip)

623-580-9600

Telephone No. (Include Area Code)

623-580-9659

Fax No. (Include Area Code)

Pager/Cell No. (Include Area Code)

Email Address \_\_\_\_\_

Local Office Mailing Address SAME

(Street)

(City)

(State)

(Zip)

Local Office Telephone No. (Include Area Code)

Fax No. (Include Area Code)

Pager/Cell No. (Include Area Code)

Email Address \_\_\_\_\_

## MANAGEMENT INFORMATION

Management Contact: CINDY LILES

(Name)

VP + CFO

(Title)

22601 N. 19th Ave

(Street)

Ste 210

(City)

Phoenix

Az

85027

(State)

(Zip)

623-580-9600

Telephone No. (Include Area Code)

623-580-9659

Fax No. (Include Area Code)

Pager/Cell No. (Include Area Code)

Email Address cindy.liles@gwresources.com

On Site Manager: Graham Symmonds

(Name)

22601 N. 19th Ave

(Street)

Ste 210

(City)

Phoenix

Az

85027

(State)

(Zip)

623-580-9600

Telephone No. (Include Area Code)

623-580-9659

Fax No. (Include Area Code)

Pager/Cell No. (Include Area Code)

Email Address graham.symmonds@gwresources.com

☒ Please mark this box if the above address(es) have changed or are updated since the last filing.

Statutory Agent: Roshka Heyman + DeWulf  
(Name)

400 E. Van Buren, Suite 800 Phoenix AZ 85004  
(Street) (City) (State) (Zip)

602-256-6100  
Telephone No. (Include Area Code)

602-256-6800  
Fax No. (Include Area Code)

\_\_\_\_\_  
Pager/Cell No. (Include Area Code)

Attorney: Roshka Heyman + DeWulf  
(Name)

400 E. Van Buren, Ste 800 Phoenix AZ 85004  
(Street) (City) (State) (Zip)

602-256-6100  
Telephone No. (Include Area Code)

602-256-6800  
Fax No. (Include Area Code)

\_\_\_\_\_  
Pager/Cell No. (Include Area Code)

☒ Please mark this box if the above address(es) have changed or are updated since the last filing.

### OWNERSHIP INFORMATION

Check the following box that applies to your company:

- |   |   |
|---|---|
| <input type="checkbox"/> Sole Proprietor (S)    | <input type="checkbox"/> C Corporation (C) (Other than Association/Co-op) |
| <input type="checkbox"/> Partnership (P)        | <input type="checkbox"/> Subchapter S Corporation (Z)                     |
| <input type="checkbox"/> Bankruptcy (B)         | <input type="checkbox"/> Association/Co-op (A)                            |
| <input type="checkbox"/> Receivership (R)       | <input checked="" type="checkbox"/> Limited Liability Company             |
| <input type="checkbox"/> Other (Describe) _____ |   |

### COUNTIES SERVED

Check the box below for the county/ies in which you are certificated to provide service:

- |                                     |                                   |   |
|-------------------------------------|-----------------------------------|---|
| <input type="checkbox"/> APACHE     | <input type="checkbox"/> COCHISE  | <input type="checkbox"/> COCONINO         |
| <input type="checkbox"/> GILA       | <input type="checkbox"/> GRAHAM   | <input type="checkbox"/> GREENLEE         |
| <input type="checkbox"/> LA PAZ     | <input type="checkbox"/> MARICOPA | <input type="checkbox"/> MOHAVE           |
| <input type="checkbox"/> NAVAJO     | <input type="checkbox"/> PIMA     | <input checked="" type="checkbox"/> PINAL |
| <input type="checkbox"/> SANTA CRUZ | <input type="checkbox"/> YAVAPAI  | <input type="checkbox"/> YUMA             |
| <input type="checkbox"/> STATEWIDE  |                                   |   |

**Palo Verde Utilities Company****UTILITY PLANT IN SERVICE**

<b>Acct. No.</b>	<b>Description</b>	<b>Original Cost (OC)</b>	<b>Accumulated Depreciation (AD)</b>	<b>O.C.L.D. (OC less AD)</b>
351	Organization	\$ 88,723		\$ 88,723
352	Franchises			
353	Land and Land Rights	164,670		164,670
354	Structures and Improvements	4,566,846	(506,861)	4,059,986
355	Power Generation Equip.	195,255	(14,626)	180,629
360	Collection Sewers-Force	2,410,408	(188,416)	2,221,992
361	Collection Sewers-Gravity	3,228,275	(99,866)	3,128,409
362	Special Collecting Structures			
363	Services to Customers	654,856	(25,479)	629,377
364	Flow Measuring Devices			
365	Flow Measuring Installations			
370	Receiving Wells	104,019	(13,002)	91,017
371	Pumping Equipment	449,773	(25,436)	424,337
375	Reuse Trans & Dist System	1,119,868	(23,068)	1,096,800
380	Treatment and Disposal Equipment	1,754,876	(129,141)	1,625,735
381	Plant Sewers	75,068	(7,507)	67,561
382	Outfall Sewer Lines	350,837	(31,575)	319,262
389	Other Plant and Misc. Equipment	29,155	(1,004)	28,150
390	Office Furniture and Equipment	120,643	(11,656)	108,987
391	Transportation Equipment	41,905	(4,190)	37,714
393	Tools, Shop and Garage Equipment	2,813	(89)	2,724
394	Laboratory Equipment	19,039	(476)	18,563
395	Power Operated Equipment			
396	Communication Equipment	26,332	(1,701)	24,631
398	Other Tangible Plant			
	<b>TOTALS</b>	<b>\$ 15,403,361</b>	<b>\$ (1,084,092)</b>	<b>\$ 14,319,268</b>

This amount goes on the Balance Sheet Acct. No. 108

**Palo Verde Utilities Company****CALCULATION OF DEPRECIATION EXPENSE**

<b>Acct. No.</b>	<b>Description</b>	<b>Original Cost (1)</b>	<b>Depreciation Percentage (2)</b>	<b>Depreciation Expense (1x2)*</b>
351	Organization	\$ 88,723		\$ -
352	Franchises	-		
353	Land and Land Rights	164,670		
354	Structures and Improvements	4,566,846	3.6%	164,406
355	Power Generation Equip.	195,255	5.0%	9,763
360	Collection Sewers-Force	2,410,408	3.6%	86,775
361	Collection Sewers-Gravity	3,228,275	3.6%	116,218
362	Special Collecting Structures	-		-
363	Services to Customers	654,856	3.3%	21,610
364	Flow Measuring Devices	-		-
365	Flow Measuring Installations	-		-
370	Receiving Wells	104,019	5.0%	5,201
371	Pumping Equipment	449,773	5.0%	22,489
375	Reuse Trans & Dist System	1,119,868	3.6%	40,315
380	Treatment and Disposal Equipment	1,754,876	5.0%	87,744
381	Plant Sewers	75,068	4.0%	3,003
382	Outfall Sewer Lines	350,837	3.6%	12,630
389	Other Plant and Misc. Equipment	29,155	3.6%	1,050
390	Office Furniture and Equipment	120,643	6.8%	8,204
391	Transportation Equipment	41,905	20.0%	8,381
393	Tools, Shop and Garage Equipment	2,813	6.3%	177
394	Laboratory Equipment	19,039	5.0%	952
395	Power Operated Equipment	-		-
396	Communication Equipment	26,332	10.0%	2,633
398	Other Tangible Plant	-		-
	<b>TOTALS</b>	<b>\$ 15,403,361</b>		<b>\$ 591,550</b>

\* Column includes mid-year convention for new additions

This amount goes on the Comparative Statement if Income and Expense Acct. 403

**Palo Verde Utilities Company**

**BALANCE SHEET**

Acct. No.	Assets	Balance at Beginning of	Balance at End of Year
	<b>Current and Accrued Assets</b>		
131	Cash	\$ 237,917	\$ -
132	Special Deposits		91,442
135	Temporary Cash Investments		
141	Customer Accounts Receivable	25,707	135,084
146	Notes/Receivables from Assoc. Companies		
151	Plant Material and Supplies		
162	Prepayments		
174	Misc. Current and Accrued Assets	80,385	16,825
	<b>Total Current and Accrued Assets</b>	\$ 344,009	\$ 243,351
	<b>Fixed Assets</b>		
101	Utility Plant in Service	\$ 11,179,548	\$ 15,403,361
103	Property held for Future Use		
105	Construction Work in Progress	2,418,002	5,348,088
108	Accumulated Depreciation – Utility Plant	(346,433)	(1,084,092)
121	Non-Utility Property		
122	Accumulated Depreciation – Non Utility		
	<b>Total Fixed Assets</b>	\$ 13,251,117	\$ 19,667,357
	<b>Total Assets</b>	\$ 13,595,126	\$ 19,910,708

NOTE: Total Assets on this page should equal **Total Liabilities and Capital** on the following page.

**Palo Verde Utilities Company**

**BALANCE SHEET (CONTINUED)**

Acct. No.	Liabilities	Balance at Beginning of	Balance at End of Year
	<b>Current Liabilities</b>		
231	Accounts Payable	\$ 137,257	\$ 991,008
232	Notes Payable (Current Portion)		
234	Notes/Accounts Payable to Assoc. Companies	938,052	112,116
235	Customer Deposits		
236	Accrued Taxes		
237	Accrued Interest		
241	Misc. Current and Accrued Liabilities		407,641
	<b>Total Current Liabilities</b>	\$ 1,075,309	\$ 1,510,765
	<b>Long Term Debt (Over 12 months)</b>		
224	Long-Term Notes and Bonds		
	<b>Deferred Credits</b>		
252	Advances in Aid of Construction	\$ 1,295,032	\$ 3,142,297
253	Other Deferred Credits		
255	Accumulated Deferred Investment of Tax Credits		
271	Contributions in Aid of Construction		
272	Less: Amortization of Contributions		
281	Accumulated Deferred Income Tax		
	<b>Total Deferred Credits</b>	\$ 1,295,032	\$ 3,142,297
	<b>Total Liabilities</b>	\$ 2,370,341	\$ 4,653,062
	<b>Capital Accounts</b>		
201	Common Stock Issued	\$ 11,336,555	\$ 15,403,594
211	Other Paid in Capital		
215	Retained Earnings/Net Income	(111,770)	(145,948)
218	Proprietary Capital (Sole Props & Partnerships)		
	<b>Total Capital</b>	\$ 11,224,785	\$ 15,257,646
	<b>Total Liabilities and Capital</b>	\$ 13,595,126	\$ 19,910,708

**Palo Verde Utilities Company**

**COMPARATIVE STATEMENT OF INCOME AND EXPENSE**

<b>Acct. No.</b>	<b>Operating Revenues</b>	<b>Prior Year</b>	<b>Current Year</b>
521	Flat Rate Revenues	\$ 494,967	\$ 1,064,811
522	Measured Revenues		
536	Other Wastewater Revenues	93,515	105,325
	<b>Total Revenues</b>	\$ 588,482	\$ 1,170,136
	<b>Operating Expenses</b>		
701	Salaries and Wages	\$ 221,357	\$ -
710	Purchased Wastewater Treatment		
711	Sludge Removal Expense		11,271
715	Purchased Power	10,099	91,179
716	Fuel for Power Production		1,827
718	Chemicals	6,788	
720	Materials and Supplies	33,165	32,664
731	Contractual Services – Professional	77,860	300,423
735	Contractual Services – Testing		
736	Contractual Services – Other		
740	Rents	25,236	20,500
750	Transportation Expense	806	
755	Insurance Expense	18,957	9,158
765	Regulatory Commission Expense		
775	Misc. Expense	6,103	6,737
	Maintenance		40,777
	Office and administration		43,476
	Permits and Fees		5,159
403	Depreciation Expense	278,514	507,994
408	Taxes Other than Income		
408.11	Property Taxes	32,374	18,229
409	Income Taxes		
	<b>Total Operating Expenses</b>	\$ 711,259	\$ 1,089,394
	<b>Other Income Expense</b>		
419	Interest and Dividend Income	\$ 719	\$ 889
421	Non-Utility Income	3	302
426	Misc. Non-Utility Expenses		
427	Interest Expense		
	<b>Total Other Income/Expense</b>	\$ 722	\$ 1,191
	<b>Net Income/(Loss)</b>	\$ (122,055)	\$ 81,933



**Palo Verde Utilities Company**

**SUPPLEMENTAL FINANCIAL DATA**

**Long-Term Debt**

	<b>Loan #1-4</b>
Date Issued	N/A
Source of Loan	
ACC Decision No.	
Reason for Loan	
Dollar Amount Issued	\$
Amount Outstanding	\$
Date of Maturity	
Interest Rate	%
Current Year Interest	\$
Current Year Principle	\$

**COMPANY NAME: PALO VERDE UTILITIES COMPANY**

**WASTEWATER COMPANY PLANT DESCRIPTION**

**TREATMENT FACILITY**

<b>TYPE OF TREATMENT</b> (Extended Aeration, Step Aeration, Oxidation Ditch, Aerobic Lagoon, Anaerobic Lagoon, Trickling Filter, Septic Tank, Wetland, Etc.)	1 x 1.0 MGD SBR Tertiary Treatment Facility  1 x 0.3 MGD Facultative Lagoon (not in use)
<b>DESIGN CAPACITY OF PLANT</b> (Gallons per Day)	1.0 MGD Permitted Capacity = 3.0 MGD (per APP 105228)

**LIFT STATION FACILITIES**

Location	Quantity of Pumps	Horsepower per Pump	Capacity per Pump (GPM)	Wet Well Capacity (gal)
Influent Lift Station	2	35 HP	2100	5140
Rancho El Dorado L/S	2	20 HP	1000	4710
Reclaimed Water Delivery System	2	50 HP	2100	78,800
Cobblestone Lift Station	2	18 HP	800	8,500

**FORCEMAINS**

Size	Material	Length
10-inch	PVC	6552
14-inch	PVC	2406
Reclaimed Water Pipe	10" C-900	6260
	16" C-905	5320
	24" C-905	9490
	10" DIP	30
	16" DIP	710
	24" DIP	580

**MANHOLES**

Type	Quantity
Standard	677
Drop	1

**CLEANOUTS**

Quantity
27

**COMPANY NAME: PALO VERDE UTILITIES COMPANY**

**WASTEWATER COMPANY PLANT DESCRIPTION CONTINUED**

**COLLECTION MAINS**

Size (in inches)	Material	Length (in feet)
6	PVC	115
8	PVC	128475
10	PVC	14228
12	PVC	13203
14	PVC	5080
15	PVC	12500
24	PVC	7740
36	PVC	7200
10	DIP	310
12	DIP	20
14	DIP	480
24	DIP	500
24	HDPE	5804
27	HDPE	1679
18	RGR Concrete	140

**SERVICES**

Size (in inches)	Material	Quantity
4	PVC	4008

**FOR THE FOLLOWING FIVE ITEMS, LIST THE UTILITY OWNED ASSETS IN EACH CATEGORY**

<b>SOLIDS PROCESSING AND HANDLING FACILITIES</b>	1 x 1.5 m Filter Belt Press 1 x ¼-in Influent Trash Removal Auger
<b>DISINFECTION EQUIPMENT</b> (Chlorinator, Ultra-Violet, Etc.)	1 x Low Pressure High Intensity UV 1 x Chlorination System
<b>FILTRATION EQUIPMENT</b> (Rapid Sand, Slow Sand, Activated Carbon, Etc.)	2 x 1.0 MGD sand filters (gravity, traveling bridge)
<b>STRUCTURES</b> (Buildings, Fences, Etc)	Office/Lab/Storage = 1500 sq ft Blower/Solids Handling = 2400 sq ft Masonry Walls (Filtration + Odor Control) = 220 ft Chain Link Fence (Lagoon) = 2450 ft Chain Link Fence (SBR) = 800 ft
<b>OTHER</b> (Laboratory Equipment, Tools, Vehicles, Standby Power Generators, Etc.)	1 x 1500 kW D/G 1 x 350 kVA D/G 1 x 80 kVA D/G 1 x 60 kW D/G HACH Portable Water Test Kit (DR2000) 1 x ¾ Ton Vehicle – Service Body 1 x ½ Ton Pick-up Truck

**COMPANY NAME: PALO VERDE UTILITIES COMPANY**

**WASTEWATER FLOWS**

<b>MONTH/YEAR (Most Recent 12 Months)</b>	<b>NUMBER OF SERVICES</b>	<b>TOTAL MONTHLY SEWAGE FLOW</b>	<b>SEWAGE FLOW ON PEAK DAY</b>
January	1663	6,028,563	298,056
February	1823	5,884,700	259,700
March	2015	6,156,490	252,700
April	2154	6,316,303	293,812
May	2437	6,424,000	252,000
June	2639	6,216,784	241,002
July	2815	7,235,579	272,700
August	3112	6,845,900	348,500
September	3283	6,952,000	375,900
October	3504	8,783,700	410,600
November	3776	10,476,720	428,200
December	4008	11,831,755	431,100

**PROVIDE THE FOLLOWING INFORMATION AS APPLICABLE**

<b>Method of Effluent Disposal</b> (Leach Field, Surface Water Discharge, Reuse, Injection Well, Groundwater Recharge, Evaporation Ponds, Etc)	Re-Use to agricultural fields AzPDES Re-Use to Type 2 Reclaimed
<b>Wastewater Inventory Number</b> (All wastewater systems are assigned an inventory number)	Facility ID 5048
<b>Groundwater Permit Number</b>	
<b>ADEQ Aquifer Protection Permit</b>	APP 105228 APP 103558
<b>ADEQ Reuse Permit Number</b>	R103558 R105393 R105394 R105395 R105392
<b>EPA NPDES Permit Number (AzPDES)</b>	AZ0025071

**COMPANY NAME: PALO VERDE UTILITIES COMPANY**

**STATISTICAL INFORMATION**

Total number of Customers 4008

Total number of gallons treated 89,152,494 gallons

COMPANY NAME PALO VERDE UTILITIES Company YEAR ENDING 12/31/2004

INCOME TAXES

For this reporting period, provide the following:

Federal Taxable Income Reported \_\_\_\_\_  
Estimated or Actual Federal Tax Liability \_\_\_\_\_

\$0 ; LLC

State Taxable Income Reported \_\_\_\_\_  
Estimated or Actual State Tax Liability \_\_\_\_\_

Amount of Grossed-Up Contributions/Advances:

Amount of Contributions/Advances \_\_\_\_\_  
Amount of Gross-Up Tax Collected \_\_\_\_\_  
Total Grossed-Up Contributions/Advances \_\_\_\_\_

Decision No. 55774 states, in part, that the utility will refund any excess gross-up funds collected at the close of the tax year when tax returns are completed. Pursuant to this Decision, if gross-up tax refunds are due to any Payer or if any gross-up tax refunds have already been made, attach the following information by Payer: name and amount of contribution/advance, the amount of gross-up tax collected, the amount of refund due to each Payer, and the date the Utility expects to make or has made the refund to the Payer.

**CERTIFICATION**

The undersigned hereby certifies that the Utility has refunded to Payers all gross-up tax refunds reported in the prior year's annual report. This certification is to be signed by the President or Chief Executive Officer, if a corporation; the managing general partner, if a partnership; the managing member, if a limited liability company or the sole proprietor, if a sole proprietorship.

Cindy Liles  
SIGNATURE

4-14-05  
DATE

CINDY LILES  
PRINTED NAME

VP + CFO  
TITLE

COMPANY NAME PALO VERDE UTILITIES COMPANY YEAR ENDING 12/31/2004

**PROPERTY TAXES**

Amount of actual property taxes paid during Calendar Year 2004 was: \$ 9114.31

Attach to this annual report proof (e.g. property tax bills stamped "paid in full" or copies of cancelled checks for property tax payments) of any and all property taxes paid during the calendar year.

If no property taxes paid, explain why. \_\_\_\_\_

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

**VERIFICATION  
AND  
SWORN STATEMENT  
Intrastate Revenues Only**

APR 15 2005

**VERIFICATION**

STATE OF ARIZONA

I, THE UNDERSIGNED

OF THE

COUNTY OF (COUNTY NAME) <u>MARICOPA</u>
NAME (OWNER OR OFFICIAL) TITLE <u>CINDY LILES, VP+CEO</u>
COMPANY NAME <u>PALO VERDE UTILITIES COMPANY</u>

**DO SAY THAT THIS ANNUAL UTILITY REPORT TO THE ARIZONA CORPORATION COMMISSION**

**FOR THE YEAR ENDING**

MONTH	DAY	YEAR
12	31	2004

HAS BEEN PREPARED UNDER MY DIRECTION, FROM THE ORIGINAL BOOKS, PAPERS AND RECORDS OF SAID UTILITY; THAT I HAVE CAREFULLY EXAMINED THE SAME, AND DECLARE THE SAME TO BE A COMPLETE AND CORRECT STATEMENT OF BUSINESS AND AFFAIRS OF SAID UTILITY FOR THE PERIOD COVERED BY THIS REPORT IN RESPECT TO EACH AND EVERY MATTER AND THING SET FORTH, TO THE BEST OF MY KNOWLEDGE, INFORMATION AND BELIEF.

**SWORN STATEMENT**

IN ACCORDANCE WITH THE REQUIREMENT OF TITLE 40, ARTICLE 8, SECTION 40-401, ARIZONA REVISED STATUTES, IT IS HEREIN REPORTED THAT THE GROSS OPERATING REVENUE OF SAID UTILITY DERIVED FROM ARIZONA INTRASTATE UTILITY OPERATIONS DURING CALENDAR YEAR 2004 WAS:

Arizona Intrastate Gross Operating Revenues Only (\$)

\$ 1,170,136

(THE AMOUNT IN BOX ABOVE

INCLUDES \$ 0

IN SALES TAXES BILLED, OR COLLECTED)

**\*\*REVENUE REPORTED ON THIS PAGE MUST INCLUDE SALES TAXES BILLED OR COLLECTED. IF FOR ANY OTHER REASON, THE REVENUE REPORTED ABOVE DOES NOT AGREE WITH TOTAL OPERATING REVENUES ELSEWHERE REPORTED, ATTACH THOSE STATEMENTS THAT RECONCILE THE DIFFERENCE. (EXPLAIN IN DETAIL)**

Cindy Liles  
SIGNATURE OF OWNER OR OFFICIAL  
623-580-9600  
TELEPHONE NUMBER

SUBSCRIBED AND SWORN TO BEFORE ME

Christine Amaro

A NOTARY PUBLIC IN AND FOR THE COUNTY OF

THIS

14th

DAY OF

COUNTY NAME	<u>Maricopa</u>	
MONTH	<u>April</u>	<u>2005</u>

Christine Amaro  
SIGNATURE OF NOTARY PUBLIC



OFFICIAL SEAL  
CHRISTINE AMARO  
NOTARY PUBLIC - State of Arizona  
MARICOPA COUNTY

MY COMMISSION EXPIRES 9/15/06



**VERIFICATION  
AND  
SWORN STATEMENT  
RESIDENTIAL REVENUE  
INTRASTATE REVENUES ONLY**

APR 15 2005

**VERIFICATION**

STATE OF ARIZONA

I, THE UNDERSIGNED

OF THE

COUNTY OF (COUNTY NAME) <u>MARICOPA</u>	
NAME (OWNER OR OFFICIAL) <u>CINDY LILES</u>	TITLE <u>VP + CEO</u>
COMPANY NAME <u>PALO VERDE UTILITIES COMPANY</u>	

DO SAY THAT THIS ANNUAL UTILITY REPORT TO THE ARIZONA CORPORATION COMMISSION

FOR THE YEAR ENDING

MONTH	DAY	YEAR
<u>12</u>	<u>31</u>	<u>2004</u>

HAS BEEN PREPARED UNDER MY DIRECTION, FROM THE ORIGINAL BOOKS, PAPERS AND RECORDS OF SAID UTILITY; THAT I HAVE CAREFULLY EXAMINED THE SAME, AND DECLARE THE SAME TO BE A COMPLETE AND CORRECT STATEMENT OF BUSINESS AND AFFAIRS OF SAID UTILITY FOR THE PERIOD COVERED BY THIS REPORT IN RESPECT TO EACH AND EVERY MATTER AND THING SET FORTH, TO THE BEST OF MY KNOWLEDGE, INFORMATION AND BELIEF.

**SWORN STATEMENT**

IN ACCORDANCE WITH THE REQUIREMENTS OF TITLE 40, ARTICLE 8, SECTION 40-401.01, ARIZONA REVISED STATUTES, IT IS HEREIN REPORTED THAT THE GROSS OPERATING REVENUE OF SAID UTILITY DERIVED FROM ARIZONA INTRASTATE UTILITY OPERATIONS RECEIVED FROM RESIDENTIAL CUSTOMERS DURING CALENDAR YEAR 2004 WAS:

ARIZONA INTRASTATE GROSS OPERATING REVENUES

\$ 763,000

(THE AMOUNT IN BOX AT LEFT

INCLUDES \$ 0  
IN SALES TAXES BILLED, OR COLLECTED

\*RESIDENTIAL REVENUE REPORTED ON THIS PAGE  
MUST INCLUDE SALES TAXES BILLED.

X Cindy Liles  
SIGNATURE OF OWNER OR OFFICIAL  
623-580-9600  
TELEPHONE NUMBER

SUBSCRIBED AND SWORN TO BEFORE ME

A NOTARY PUBLIC IN AND FOR THE COUNTY OF

THIS

14th

DAY OF

NOTARY PUBLIC NAME	<u>Christine Amaro</u>
COUNTY NAME	<u>Maricopa</u>
MONTH	<u>April</u>
	<u>2005</u>



X Christine Amaro  
SIGNATURE OF NOTARY PUBLIC

## **FINANCIAL INFORMATION**

Attach to this annual report a copy of the companies' year-end (Calendar Year 2004) financial statements. If you do not compile these reports, the Utilities Division will supply you with blank financial statements for completion and filing. **ALL INFORMATION MUST BE ARIZONA-SPECIFIC AND REFLECT OPERATING RESULTS IN ARIZONA.**

7:06 PM

04/14/05

Accrual Basis

## Palo Verde Utilities Company, L.L.C.

## Balance Sheet

As of December 31, 2004

	<u>Dec 31, 04</u>
<b>ASSETS</b>	
<b>Current Assets</b>	
Checking/Savings	
NBOA - Certificate of Deposit	91,442.49
Wells Fargo Bank - checking	-19,528.04
<b>Total Checking/Savings</b>	<u>71,914.45</u>
<b>Other Current Assets</b>	
Accounts Receivable per VA	135,083.53
Accrued Revenues	225.00
Other Receivables	4,495.00
Prepaid Expenses	3,384.69
Prepaid Insurance	8,719.80
<b>Total Other Current Assets</b>	<u>151,908.02</u>
<b>Total Current Assets</b>	<u>223,822.47</u>
<b>Fixed Assets</b>	
Fixed Assets Under Construction	5,348,088.44
Utility Plant In Service	15,403,360.64
Utility Plant In Svc - Acc Depr	-1,084,092.39
<b>Total Fixed Assets</b>	<u>19,667,356.69</u>
<b>Other Assets</b>	
Intercompany	-4,104,259.90
<b>Total Other Assets</b>	<u>-4,104,259.90</u>
<b>TOTAL ASSETS</b>	<u><b>15,786,919.26</b></u>
<b>LIABILITIES &amp; EQUITY</b>	
<b>Liabilities</b>	
<b>Current Liabilities</b>	
Accounts Payable	
Accounts Payable	971,479.86
<b>Total Accounts Payable</b>	<u>971,479.86</u>
<b>Other Current Liabilities</b>	
Accrued Liabilities	4,806.00
Customer Pre-pays - VA	584.10
Other Liabilities	165,413.53
Retention Payable	236,837.16
<b>Total Other Current Liabilities</b>	<u>407,640.79</u>
<b>Total Current Liabilities</b>	<u>1,379,120.65</u>
<b>Long Term Liabilities</b>	
Line Ext Agrmt-Kimco DeRito	7,500.00
Line Ext Agrmt-Kroger (Fry's)	7,500.00
Line Ext Agrmts-Cobblestone Far	15,000.00
Line Ext Agrmts-Province	692,825.00
Line Ext Agrmts-Rancho El Dorad	2,003,842.82
Line Ext Agrmts-Acacia Crossing	52,500.00
Line Extension Agmts-Villages	363,128.72
<b>Total Long Term Liabilities</b>	<u>3,142,296.54</u>
<b>Total Liabilities</b>	<u>4,521,417.19</u>
<b>Equity</b>	
Equity	11,411,449.86
Retained Earnings	-227,880.64
Net Income	81,932.85
<b>Total Equity</b>	<u>11,265,502.07</u>
<b>TOTAL LIABILITIES &amp; EQUITY</b>	<u><b>15,786,919.26</b></u>

7:05 PM

04/14/05

Accrual Basis

**Palo Verde Utilities Company, L.L.C.****Profit & Loss**

January through December 2004

Jan - Dec 04

**Ordinary Income/Expense****Income**

Establishment Fee Income	105,135.00
Other Waste Water Revenue	190.00
Service Income	1,064,810.51

<b>Total Income</b>	<b>1,170,135.51</b>
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**Expense**

Advertising	172.50
Answering Service	232.71
Automobile Expense	2,428.02
Bad Debt Expense	7,603.17
Bank Service Charges	3,909.72
CC&N Expansion	1,209.50
Certification	155.00
Contract Services	184,326.25
Copier Lease	2,247.79
Customer Relations	168.30
Depreciation Expense	507,993.82
Dues and Subscriptions	389.70
Education	134.50
Equipment Repair & Maintenance	1,849.73
Fuel for Power Production	1,827.12
Insurance	15,581.69
Interest Expense	869.34
Internet and email	2,086.76
Licenses and Permits	300.00
Maintenance	60,245.57
Miscellaneous	180.00
Office Snacks & Water	531.18
Office supplies	5,468.10
Payroll Expenses	488.38
Permits & Fees	5,158.52
Personnel	74,292.10
Postage and Delivery	3,773.46
Postage Machine Lease	1,117.12
Property Tax Expense	18,228.62
Rent	10,500.00
Repairs	1,387.18
Tax preparation	7,506.25
Telephone	5,556.80
Travel & Ent	1,009.88
Utilities	115,571.70
WasteWater Consulting Services	44,892.80

<b>Total Expense</b>	<b>1,089,393.28</b>
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<b>Net Ordinary Income</b>	<b>80,742.23</b>
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**Other Income/Expense****Other Income**

Interest Income	888.63
Other Income	301.99

<b>Total Other Income</b>	<b>1,190.62</b>
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<b>Net Other Income</b>	<b>1,190.62</b>
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<b>Net Income</b>	<b>81,932.85</b>
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# Pinal County Treasurer TAX RECEIPT

PO Box 729

Florence, AZ 85232-0729

Phone: (520) 866-6412 Fax: (520) 868-9007

www.co.pinal.az.us/treasurer e-mail: treasurer@co.pinal.az.us

Paid By: PALO VERDE UTILITY COMPANY  
WASTEWATER DIVISION

22601 N 19TH AVE STE 210  
PHOENIX, AZ 85027

MAIL Batch: 2143606  
Payment Date: 11/09/2004  
Interest Date: 10/31/2004  
Printed By: TRSCIL

Parcel Number	Description	Amt Pd	Balance Due	If Paid By
954-32-01900	2004 Taxes	9,114.31		
	Paid	9,114.31	9,114.31	05/01/2005
	<b>Total Paid</b>	<u>9,114.31</u>		
	TOTAL VALUE OF OPERATING PROPERTY			
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